

Message Text

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ACTION EA-09

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EO 11652: N/A
TAGS: BBAK PFOR PINT BEXP KS
SUBJ: REV. MOON'S KOREAN CONNECTIONS GO TO JAIL

REF: 76 SEOUL 6768, 76 SEOUL 9649, 76 SEOUL 9837, 76 SEOUL 5612

SUMMARY: ALL MAJOR SEOUL NEWSPAPERS, EXCEPT ECONOMIC JOURNALS, CARRIED NEWS STORIES OF THE ARREST OF THE PRINCIPAL OFFICERS OF IL WHA PHARMACEUTICAL, KOREA'S LARGEST GINSEND EXPORT FIRM WHOSE CHAIRMAN IS REV. MOOV SUN-MYUNG. COVERAGE VARIED, WITH MOST PAPERS GIVING PROMINENT INSIDE PAGE DISPLAY. OF FOUR ECONOMIC PAPERS, ONLY SEOUL KYUNGJE SHINMUN CARRIED SHORT SUMMARY ITEM. SUBHEADLINES DISCLOSED CONNECTION TO MOON SUN-MYONG OR UNIFICATION CHURCH. END SUMMARY.

1. PAPERS REPORTED THAT THE KOREAN NATIONAL POLICE HEAD-QUARTERS ANNOUNCED THE ARREST OF SIX OFFICERS OF IL WHA PHARMECEUTICAL COMPANY ON SUSPICION OF CONSPIRING TO EVADE TAXES. ARRESTED WERE MANAGING DIRECTOR HONG SONG-PYO; PRODUCTION DIVISION CHIEF OH YUN-SON; DIRECTOR FOR ACCOUNTING LEE SU-GYONG; PRODUCTION SECTION CHIEF HONG SUN-GUN; ACCOUNTING SECTION CHIEF HWANG SUK-JA; AND PROCUREMENT SECTION CHIEF, YANG TAE-SOK. AN ARREST
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ORDER WAS ISSUED FOR IL WHA PRESIDENT, KIM WON-PHIL. HOWEVER, KIM WAS IN JAPAN ON BUSINESS. REV. MOON, CHAIRMAN OF IL WHA, WAS NOT ARRESTED NOR WERE ANY CHARGES BROUGHT AGAINST HIM AT THIS TIME. HE IS NOT IN KOREA.

2. SOME NEWSPAPERS, CLAIMING THE ENTIRE CONSPIRACY WAS MASTERMINDED BY KIM WON-PIL, STATED REV. MOON WAS NOT INVOLVED WHILE OTHERS REPORTED THAT MOON'S INVOLVEMENT WAS NOT YET DETERMINED BY THE NATIONAL POLICE.

3. THE CHARGES AGAINST THESE COMPANY OFFICIALS INCLUDE FALSELY REPORTING PURCHASE PRICE OF RAW GINSENG, FALSELY REPORTING CAPITAL INCREASES BY DISGUIISING STOCK DISTRIBUTION, FAILURE TO PAY TAXES ON PROPERTY ACQUIRED IN THE NAMES OF EMPLOYEES, AND INCOME TAX AVOIDANCE BY DONATING MONEY TO THE UNIFICATION CHURCH. CHARGES WERE ALSO FILED FOR ILLEGAL PURCHASE OF GINSENG WITHOUT ROKG INSPECTION. TTAL TAX ALLEGEDLY EVADED WAS \$12 MILLION.

4. NEWSPAPERS REPORTED THAT FUNDS TOTTALLING \$6.2 MILLION WERE TRANSFERRED TO REV. MOON'S CHURCH FROM IL WHA WITHOUT TAX PAYMENT. KOREAN LAW DOES NOT PERMIT TRANSFER OF MONIES WHEN THE SAME PERSON HEADS BOTH TAXABLE AND TAX FREE FOUNDATION; I.E., KIM WON-PIL.

5. MANAGING DIRECTOR HONG SON-PYO WAS ALSO ACCUSED SEPARATBLYHTF EMBEZZLING \$53,000 BY MAKING PRIVATE LOANS. THIS UOPATSA A 1972 PRESIDENTIAL DECREE WHICH PROHIBITED SUCH LOANS.

6. NEWSPAPERS ALSO REPORTED THAT A COMPANY OFFICIAL COMPLAINED TO POLICE ON JANUARY 22, 1977 WHEN HE DISCOVERED HE WAS ASSESSED INCOME TAX FOR HIS SHARES IN THE COMPANY WHICH HE DID NOT POSSESS. THIS IS CREDITED WITH LAUNCHING THE INVESTIGATION.

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7. COMMENT: KIM WON-PIL, PRESIDENT OF IL WHA PHARMACEUTICAL, IS ALSO CHAIRMAN OF THE BOARD OF DIRECTORS OF THE HOLY SPIRIT ASSOCIATION FOR THE UNIFICATION OF WORLD CHRISTIANITY (SEE 76 SEOUL 5612). HE ALSO HOLD 10 PERCENT OF THE SHARES IN IL SHIN STONE WORKS, AND WAS EXECUTIVE DIRECTOR OF TONG-IL INDUSTRIES, THE REV. MOON FIRM DESIGNATED A DEFENSE DESIGNATED INDUSTRY BY THE ROKG.

8. OMISSION BY ECONOMIC PAPERS EXCEPT SEOUL KYUNGJE SHIMUN INDICATES RECOGINITION OF POLITICAL NATURE OF

ACCUSATIONS. ECONOMIC JOURNALS GENERALLY REPORT ALL NEWS AFFECTING BUSINESS.

9. THE TAX INVESTIGATION FOLLOWS A SIMILAR PATTERN ESTABLISHED IN THE KANG MUN-PONG AND LEE HAK-SU CASES WHERE GOVERNMENT EFFORTS TO UNCOVER CORRUPT PRACTICES WERE DIRECTED AT COMPANIES POPULARLY THOUGHT TO HAVE CLOSE WORKING RELATIONSHIPS WITH THE ROKG. MOTIVATION FOR SUCH ACTION STEMS FROM EFFORTS TO IMPROVE THE GOVERNMENT IMAGE. HOWEVER, THESE PREVIOUS CASES INDICATE SECONDARY MOTIVES RELATED TO DOMESTIC POLITICS MAY BE

INVOLVED. COMMERCIAL SOURCES INDICATE THE IL WHA INVESTIGATION MAY BE A STRONG ATTEMPT BY ROKG TO DISASSOCIATE ITSELF FROM REV. MOON. EMBASSY SOURCES INDICATED THAT THE MOST LIKELY REASON FOR THE ARRESTS WAS TO SERVE NOTICE TO REV. MOON NOT TO INTERFERE WITH KOREAN POLITICS, DOMESTIC OR FOREIGN.
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Disposition Date: 22 May 2009
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